

TITLE III - INTERNAL REVENUE CODE AMENDMENT

Paragraph (4) of section 104(a) of the Internal Revenue Code of 1954 (26 U.S.C. 104(a)(4) ) (relating to the exclusion from gross income of compensation for injuries and sickness) is hereby amended to read as follows:

"(4) amounts received as a pension, annuity, or similar allowance for personal injuries or sickness resulting from active service in the armed forces of any country or in the Coast and Geodetic Survey or the Public Health Service, or as a disability annuity payable under the provisions of section 831 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1081, 60 Stat. 1021), or as a disability annuity payable under the provisions of section 231 of the Central Intelligence Agency Retirement Act of 1963."

Explanation: This section amends paragraph 4 of section 104(a) of the Internal Revenue Code of 1954 to exempt disability annuities under Title II of this Act from Federal income tax. This is the same exemption already accorded similar annuities for participants under the Foreign Service Disability and Retirement System and for members of the uniformed services. (This section was favorably reviewed by the Department of Treasury in processing within the Executive Branch.)